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Bill Summary House Research Department

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Overview

This is the 2009 transportation finance omnibus, containing transportation budget and making various changes to transportation finance and policy. Some of the budgetary, finance, and policy elements are as follows.

Transportation Budget

- Appropriates funds for the 2010-11 transportation budget
- Authorizes \$40 million in trunk highway bonds for interchanges and matching federal aid
- Reduces general fund ongoing base appropriations by \$14.8 million in each biennium, by proportionally reducing funding for metropolitan transit and Greater Minnesota transit
- Reduces trunk highway fund appropriations by \$150 million for the biennium from certain MnDOT activities (operations and maintenance, investment support, state road construction, department support, and buildings)
- Increases state road construction appropriations to account for increased federal aid
- Reduces trunk highway fund ongoing base appropriation by \$5 million for each biennium for MnDOT department support
- Creates a new budget activity for MnDOT passenger rail work and funds it at \$1,000,000 for the biennium
- Increases base funding by \$250,000 for the biennium for the Office of Pupil Transportation Safety

Transit Deficits

- Authorizes transfers to fund the Metropolitan Council's transit operating deficit from (1) livable communities fund accounts (estimated at \$13 million), (2) livable communities fund balances (at \$9 million), and (3) right-of-way acquisition loan fund (RALF) programs (at \$5 million)
- Reallocates the percentage split for motor vehicle sales tax (MVST) revenue to accelerate the transit portion of the MVST phase-in to transportation purposes from the general fund, so that an additional \$18.7 million is allocated to transit in fiscal years 2010 and 2011
- Shifts \$2.5 million in Greater Minnesota transit funding from fiscal year 2011 to fiscal year 2009 (with the fiscal year 2011 reduction back-filled using funds from the motor vehicle sales tax reallocation)

Other Finance and Policy Provisions

- Requires a business liaison for businesses affected by transportation construction projects
- Creates a Stillwater Lift Bridge endowment account
- Provides for free transit service for disabled veterans
- Creates a MnDOT local bridge grant program for fracture-critical bridges
- Provides MnDOT with powers and authority related to passenger rail
- Creates a pilot program for discounted metropolitan transit passes distributed to charitable organizations for homeless individuals
- Creates a pilot program for use of design-build contracting in transportation projects on the local street and highway systems
- Requires a Metropolitan Council report on land use and planning to help reduce pollution and congestion

Article 1: Transportation Appropriations

Overview

This article contains the 2010-11 fiscal year budget for transportation.

Section

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| 1 | Summary of appropriations. Summarizes the appropriations by fund. |
| 2 | Transportation appropriations. Establishes that appropriations are from the trunk highway fund, unless another is named, for the agencies and purposes specified. |
| 3 | Department of Transportation. Appropriates funds to the Minnesota Department of Transportation (MnDOT) for the 2010-2011 biennium. |

Subd. 1. Total appropriation. Summarizes MnDOT appropriations by fund.

Subd. 2. Multimodal systems. Appropriates money for airports, greater Minnesota transit, rail, and freight and commercial vehicle operations. Among the changes compared to previous budgets, the legislation:

- Appropriates an additional \$2.25 million in fiscal year 2010 for airport development grants, which comes from the fund balance in the state airports fund (and does not represent additional funding for the fund);
- Authorizes state airports fund appropriation adjustments so that additional funds from the state airports fund can be expended and the fund balance can be spent down;
- Allows MnDOT to provide the five percent local match for federally funded projects at certain airports in fiscal year 2010;
- Reduces the base appropriation for Greater Minnesota transit, by about \$3 million for the biennium (from the general fund);
- Provides a one-time increase in Greater Minnesota transit assistance 2009 funding so that \$2.5 million is shifted from fiscal year 2011 to fiscal year 2009 (fiscal year 2011 funding is back-filled with additional funds allocated from motor vehicle sales tax revenue in article 3 of the bill);
- Appropriates \$500,000 each year from the general fund for commuter and passenger rail, including the state rail plan required of MnDOT in 2008 (with authority for passenger rail planning, construction, and operations established in article 3); and
- Requires forgiveness, or conversion to grants, of \$2.85 million in loans made to the Buffalo Ridge Regional Railroad Authority for rail line rehabilitation.

Subd. 3. State roads. Appropriates money for the state trunk highway system, including operations and maintenance (general highway maintenance activities); investment support (short- and long-range planning as well as project development activities such as preliminary engineering); state road construction (actual contracts for highway work as well as land acquisition); debt service; and electronic communications. Among the riders and changes from base appropriations, the bill:

- Reduces trunk highway funding by \$155 million in onetime reductions due to decreased highway user tax revenue, which is allocated across certain MnDOT activities (\$120 million from state road construction, with the remaining \$35 million spread across operations and maintenance and investment support, as well as department support and buildings funded in subdivision 5);
- Shifts \$3.4 million in funding for research activities from state road construction to investment support; and
- Increases funding for state road construction by \$174 million due to increased federal aid.

The net results of the trunk highway fund changes in the biennium are (1) a \$47.6 million increase for state road construction, (2) a \$6.8 million decrease for investment support, and (3) a \$17.3 million decrease for operations and maintenance.

Subd. 4. Local roads. Appropriates money for the county state-aid highway system and the municipal state-aid street system. Reduces municipal state-aid street grant funding by \$1.4 million for the biennium in conjunction with an increase in the set-aside for MnDOT to administer the program.

Subd. 5. General support and services. Appropriates money for general department support (such as information technology and human resources) and buildings. In changes from base appropriations, the bill:

- Reduces department support and buildings appropriations for the biennium; and
- Reduces the base appropriation for departmental support by \$5 million for the fiscal year 2012-13 biennium (from the trunk highway fund).

Subd. 6. Transfers. Directs and allows transfer of money across certain funds.

Subd. 7. Use of state road construction appropriations. Allows MnDOT to use previous year trunk highway construction appropriations in fiscal years 2010 and 2011 if used for the original purpose. Requires maximizing of federal stimulus fund dollars, and other federal funds as possible, that are available to Minnesota.

Subd. 8. Contingent appropriation. Allows unappropriated trunk highway fund money to be appropriated to MnDOT under certain circumstances, upon approval by a legislative group.

Subd. 9. Appropriations carryforward. Allows use of the trunk highway fund fiscal year 2009 balance in fiscal years 2010 and 2011.

Subd. 10. Use of trunk highway fund. Prohibits use of trunk highway fund dollars to fund the Governor's staff.

Subd. 11. Disadvantaged business enterprise program. Requires compliance with disadvantaged business enterprise program requirements.

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Metropolitan Council. Appropriates funds from the general fund to the Metropolitan Council for bus and Hiawatha light rail transit operations. In changes and riders, the bill:

- Reduces the base appropriation by \$12.8 million for the biennium (from the general fund);
- Specifies that \$129,000 in fiscal year 2010 and \$140,000 in fiscal year 2011 are for a new requirement of free transit service for disabled veterans established in the bill (this amount does not reflect an increase in the Council's budget);
- Specifies that \$80,700 in each year is for costs of the Minnesota Council on Transportation Access, if it is created in another bill.

5 **Department of Public Safety.** Appropriates funds to the Department of Public Safety for transportation-related activities.

Subd. 1. Total appropriation. Summarizes Department of Public Safety appropriations by fund.

Subd. 2. Administration and related services. Appropriates money for administrative functions.

Subd. 3. State Patrol. Appropriates money for the State Patrol, including patrolling highways, commercial vehicle enforcement, and capitol security. Increases commercial vehicle enforcement by \$250,000 for the biennium for the Office of Pupil Transportation Safety, and specifies that the office is funded at \$1.4 million for the biennium.

Subd. 4. Driver and vehicle services. Appropriates funds for driver services and vehicle services, primarily from special revenue derived from vehicle and driver licensing fees.

Subd. 5. Traffic safety. Appropriates funds for the traffic safety office.

Subd. 6. Pipeline safety. Appropriates special revenue funds for the pipeline safety office.

Subd. 7. Use of trunk highway fund. Prohibits use of trunk highway fund dollars to fund the Governor's staff.

6 **General contingent accounts.** Allows \$375,000 per year for contingencies, upon approval by the Governor as well as a legislative group.

7 **Tort claims.** Appropriates \$600,000 per year to the Department of Finance for tort claims.

8 **Multimodal systems.** Amends the fiscal year 2009 appropriation for Greater Minnesota transit to shift \$2.5 million from fiscal year 2011. Allows the funds to be disbursed to transit providers outside of the standard statutory payments schedule.

9 **Appropriation; transportation emergency relief.** Reduces MnDOT's trunk highway fund spending authority in fiscal year 2009 by \$44 million to adjust for accounting changes and generate reserves in the fund. The change does not impact programming or construction projects, and is not actually related to the federal funding for the I-35W bridge.

10 **Metropolitan livable communities fund; transfers.** Permits the Metropolitan Council to transfer to its transit operating budget in 2009, 2010, and 2011 up to 50 percent of the uncommitted money in the tax base revitalization account, and 50 percent in the livable communities demonstration account to cover operating deficits for transit, paratransit, and light rail and commuter rail services. The transfers are expected to provide \$13 million for transit operating costs.

Permits transfer of the unexpended and future balances in the livable communities fund for 2009, 2010, and 2011 for transit operations. The transfers are expected to provide \$9 million.

11 **Right-of-way acquisition loan fund; transfers.** Permits the council to transfer to its transit operating budget in 2009, 2010, and 2011, up to 75 percent of the amounts levied and collected under the right-of-way acquisition loan fund (RALF) program. The transfers are expected to provide about \$5 million for transit operating costs.

Article 2: Trunk Highway Bonds

- 1 Highway appropriation and bond sale.** Authorizes and appropriates \$40 million in trunk highway bonds for (1) constructing interchanges that involve a trunk highway, and (2) providing local match to federal grants for trunk highway projects.

At least \$20 million of the funds must be for interchanges, and the money must allocated 50 percent to the metropolitan area and 50 percent to Greater Minnesota.

- 2 Effective date.** Makes the article effective the day after enactment.

Article 3: Transportation Finance and Policy

Overview

This article contains a variety of changes to finance and policy, including: requiring transfer of funds to the state airports fund; requiring a business liaison for businesses affected by transportation construction projects; preventing payment of Governor's staff with trunk highway fund dollars; creating a Stillwater Lift Bridge endowment account; modifying deposit into certain funds; providing free transit service for disabled veterans; preventing masking of certain driving convictions; creating a new MnDOT local bridge grant program for fracture-critical bridges; providing MnDOT with powers and authority related to passenger rail; modifying the allocation of motor vehicle sales tax revenue; creating a pilot program for discounted metropolitan transit passes distributed to charitable organizations for use by homeless individuals; requiring a report on land use and planning to help reduce pollution and congestion; and creating a pilot program for use of design-build contracting with transportation projects on the local street and highway systems.

- 1 Additional revenues; priority.** Requires restoring \$15 million transferred out of the state airports fund in 2008, once there is a general fund balance available and certain other repayments are made.
- 2 Mitigation of transportation construction impacts on business.** Requires appointment of a liaison between a road authority doing road work on a street or highway and businesses next to the construction or affected by access or parking issues related to the construction. The liaison must provide information to businesses on the status of the construction project.
- 3 Trunk highway fund appropriations.** Establishes that payment of personnel costs incurred on behalf of the Governor's Office is not trunk a trunk highway purpose.
- 4 Administrative costs.** Raises the deduction from the municipal state-aid street fund from one and one-half percent to two percent of the net amount available in the fund. This deduction is used by MnDOT in administering the state-aid program.
- 5 Stillwater lift bridge endowment account.** Creates an endowment account for maintenance and, if necessary, demolition of the Stillwater Lift Bridge, provides for investment of the funds, specifies uses of the principal and interest, and establishes various account management requirements.

Subd. 1. Account established. Creates a Stillwater lift bridge endowment account, authorizes appropriations and donations into the account, and requires that any accrued interest is credited to the account.

Subd. 2. Use of funds. Specifies that any interest and dividends from investment of account funds may be used for operations and routine maintenance of the Stillwater Lift Bridge, and establishes requirements governing expenditure of funds. Defines terms.

Subd. 3. Appropriation. Creates a standing appropriation to MnDOT of interest and dividends from the investment of account funds.

Subd. 4. Financial compliance. Requires compliance with federal Office of

Management and Budget documents on determination of uniform costs.

Subd. 5. Investment. Directs the State Board of Investment to invest the funds from the Stillwater lift bridge account.

Subd. 6. Demolition. Authorizes and appropriates funds for expenditure of the principal of investment funds from the account for demolition of the Stillwater Lift Bridge if determined necessary by MnDOT and the state Historic Preservation Office.

Subd. 7. Audits. Authorizes the Legislative Auditor to conduct audits of the account.

Subd. 8. Reports required. Require an annual report to the legislature on the revenue and expenditures of the endowment account.

- 6 **Registration period extension for leased vehicle.** Modifies the deposit of certain funds related to extending the registration period of a vehicle that is being leased for at least one year, so that (1) a \$5 administrative fee goes to the vehicle services operating account instead of the highway user tax distribution fund, and (2) the prorated registration tax goes into the highway user tax distribution fund.
- 7 **Fees; disposition.** Amends the deposit of fees for disability plates, so that the funds are deposited in the vehicle services operating account instead of the highway user tax distribution fund.
- 8 **Collector plate transfer.** Amends the deposit of a \$5 fee for transferring certain collector plates, so that the funds are deposited in the vehicle services operating account instead of the highway user tax distribution fund.
- 9 **Replacement plates.** Amends the deposit of a \$1 fee for duplicate plates, so that the funds are deposited in the vehicle services operating account instead of the highway user tax distribution fund.
- 10 **Special plates or certificate; fee; proceeds to highway user fund.** Amends the deposit of a \$10 fee for plates or certificates for certain intercity buses, so that the funds are deposited in the vehicle services operating account instead of the highway user tax distribution fund.
- 11 **Commercial driver's license recordkeeping.** Prohibits a state agency, court, or public official from masking, deferring imposition of judgment, or allowing participation in a diversion program that would prevent a traffic violation conviction (other than parking) from appearing: (1) on a commercial driver's license holder's record for an offense committed in any motor vehicle; or (2) on any individual's driving record for an offense committed in a commercial motor vehicle.
- 12 **Transit service needs implementation plan.** Amends the MnDOT transit service implementation plan to include provision of free public transit for disabled veterans.
- 13 **Method of payment, operating assistance.** Modifies the payment schedule for MnDOT grants to transit providers in Greater Minnesota, to allow making payments earlier in the contract year.
- 14 **Transit service for disabled veterans.** Requires public transit providers receiving aid from MnDOT to provide free public transit for disabled veterans.
- 15 **Fracture-critical bridges.** Establishes a MnDOT grant program for replacement or rehabilitation of fracture-critical bridges on a local road system. The funds can only go to a project that results in a bridge that is no longer fracture-critical. Specifies requirements for review of projects and prioritization of grants.
- 16 **Passenger rail; commissioner's duties.** Makes MnDOT responsible for planning, design, construction and other activities related to passenger rail. Authorizes MnDOT to enter into agreements related to passenger rail.
- 17 **Passenger rail; funding.** Authorizes MnDOT to apply for funding from public or private sources related to passenger rail service. Clarifies that a restriction on expending funds for commuter rail projects unless specifically appropriated by law does not apply to passenger rail activities.
- 18 **Passenger rail; exercise of power.** Vests powers as necessary to carry out MnDOT's passenger rail duties, and authorizes MnDOT to be able to use eminent domain, let contracts, and enter into agreements related to passenger rail.
- 19 **Deposit of revenues.** Amends the allocation of motor vehicle sales tax (MVST) revenue in fiscal years 2010 and 2011 to accelerate the phase-in of the transit portion of MVST funds from the general fund to transportation purposes. The reallocation provides additional funds for transit (and reduces by a corresponding amount funding for state and local highways from the highway user tax distribution (HUTD) fund). The changes, which are not total allocations, are as follows:

	FY 2010		FY 2010		FY 2012 +	
	Percent	Amount	Percent	Amount	Percent	Amount
Greater MN	1.25%	\$4,948	0.25%	\$1,112	0.0%	\$0

transit						
Metro Transit	1.50%	5,937	1.50%	6,671	0.0%	0
HUTD fund	-2.75%	(10,885)	-1.75%	(7,782)	0.0%	0

Note: amounts are in thousands.

- 20** Transit service for disabled veterans. Requires that the Metropolitan Council provide free public regular route transit for disabled veterans. The provision applies to "opt-outs" and contracted route service.
- 21** Multimodal systems. Amends a 2008 appropriation for a grant to the Northstar Corridor Development Authority to extend Northstar commuter rail service from Big Lake to Rice, by adding park-and-ride lots to the allowable uses of the grant funds.
- 22** Land use and planning resources report. Requires the Metropolitan Council to develop a report on land use and planning to reduce air pollution, reduce congestion, and lower infrastructure maintenance costs. Requires progress reports and a legislative report by January 15, 2011. Allows the Met Council to contract with the Center for Transportation Studies for up to \$375,000 for assistance on the report.
- 23** Passenger rail report. Requires a legislative report by February 1, 2010, on passenger rail projects and the planning process.
- 24** Bus purchases. Requires the Metropolitan Council to ensure that bid specifications for bus purchases conform, to the greatest extent practicable, to products manufactured in this state.
- 25** St. Cloud Bridge site. Requires MnDOT to ensure that economic impact on communities is considered in site selection for a new Mississippi River crossing near St. Cloud.
- 26** Conveyance of land and buildings. Mandates that the Metropolitan Council convey the Apple Valley Transit Station to the Minnesota Valley Transit Authority for a nominal cost. Establishes that any subsequent conveyance is subject to statutory provisions concerning sale of state-bond-financed property.
- 27** Discount transit passes pilot program. Creates a pilot program requiring the Metropolitan Council to sell transit passes at a 50 percent discount to nonprofit charitable organizations, for use by homeless individuals. The provision specifies certain program requirements. It also mandates a report to the legislature on the program by January 15, 2011. The program goes into effect September 1, 2009, and terminates on March 15, 2011.
- 28** **Design-build project selection council.** Creates a council for selection of local design-build highway projects under a pilot program created in section 29.

Subd. 1. Establishment of council. Establishes the council.

Subd. 2. Duties of council. Identifies duties for the council, including reviewing applications for project inclusion in the design-build pilot program. Specifies elements to evaluate when selecting projects. Mandates that the program have no more than 15 projects, with no more than ten on the county state-aid system and ten on the municipal state-aid system.

Subd. 3. Membership. Specifies membership on the council, requires appointments by August 1, 2009, and provides for convening of the first meeting.

Subd. 4. Report to legislature. Mandates an annual report to the legislature, by October 1, on the pilot program. The report must include information on the selected design-build projects, an evaluation of the performance-based measurement process, and any recommendations for future legislation.

The provision is effective the day after enactment, and expires on the earlier of October 1, 2012, or on completion of nine design-build projects under the pilot program.

- 29** **Design-build contracting pilot program.** Creates and specifies various aspects of the pilot program, particularly the process for design-build firm selection by a road authority.

Subd. 1. Definitions. Defines terms.

Subd. 2. Establishment of pilot program. Establishes a pilot program to select, support, and evaluate design-build street and highway projects undertaken by counties and cities.

Subd. 3. Licensing requirements. Establishes minimum qualifications for design-build contractors, including having a licensed designer associated with the firm.

Subd. 4. Information session for municipal engineer. Requires that the engineer for a municipality that has a design-build project selected under the pilot program must attend an information session with MnDOT on the design-build process.

Subd. 5. Technical Review Committee. Requires that the municipality establish a technical review committee to evaluate proposals for a design-build contract, and provides for committee membership, data practices, and conflicts of interest.

Subd. 6. Phase one; design-build RFQ. Outlines the required elements a request for qualifications from potential design-build contractors.

Subd. 7. Information session for prospective design-build firms. Requires that firms seeking a design-build contract under the pilot program must, after an RFQ is solicited, attend an information session with MnDOT on the design-build process.

Subd. 8. Evaluation. Requires evaluation of responses to the RFQ and creation of a short-list of up to five responders.

Subd. 9. Phase two; design-build RFP. Outlines the required elements for a request for proposals from potential design-build contractors.

Subd. 10. Design-build award; computation; announcement. Establishes procedures for scoring of proposals, announcement of scores, and award of a design-build contract. Outlines the method of calculation of scores using price and technical score, with an optional time value factor. Provides for a stipulated fee of at least 0.02 percent of estimated project costs to be provided to each short-listed proposer that submits an unsuccessful proposal. Regulates protests by proposers.

Subd. 11. Low-bid design-build process. Authorizes use of design-build contracting based on the lowest bidder if the scope of the project is clearly defined, and establishes the contractor selection process.

The provision is effective the day after enactment, and expires on the earlier of October 1, 2012, or on completion of nine design-build projects under the pilot program.